

REPORTING OF FRAUDULENT INSURANCE

ACTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Douglas C. Aagard

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Insurance Code to address reporting of fraudulent insurance acts.

Highlighted Provisions:

This bill:

- ▶ expands who is required to or may report fraudulent insurance acts;
- ▶ expands to whom a fraudulent insurance act is to be reported;
- ▶ modifies the requirements of that report; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-31-110, as enacted by Chapter 104, Laws of Utah 2004

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-31-110** is amended to read:

31A-31-110. Mandatory reporting of fraudulent insurance acts.



28 (1) ~~(a) [An auditor that is employed by a title insurer and]~~ A person described in
29 Subsection (1)(c) that has knowledge that [a fraudulent insurance act] an act that is being, will
30 be, or has been committed [related to title insurance] is a fraudulent insurance act shall report
31 the fraudulent insurance act in writing to [the commissioner in a writing that provides]:

- 32 (i) (A) the attorney general;
33 (B) any state law enforcement agency;
34 (C) any criminal investigative department or agency of the United States;
35 (D) a district attorney; or
36 (E) the prosecuting attorney of any municipality or county; and
37 (ii) the department.

38 (b) The written report required by this Subsection (1) shall:

- 39 (i) provide information in detail relating to:
40 [~~(a)~~] (A) the fraudulent insurance act; and
41 [~~(b)~~] (B) the perpetrator of the fraudulent insurance act[~~:-~~]; and
42 (ii) be reported to the persons described in Subsection (1)(a) by no later than 90 days
43 from the day on which the person required to report the fraudulent insurance act has knowledge
44 that the act that is being, will be, or has been committed is a fraudulent insurance act.

45 (c) The requirement to report a fraudulent insurance act under this Subsection (1)
46 applies to:

- 47 (i) an insurance adjustor; and
48 (ii) in relation to the business of title insurance, an auditor that is employed by a title
49 insurer.

50 (2) (a) ~~[Any auditor]~~ A person required to report a fraudulent insurance act under
51 Subsection (1) who willfully fails to comply with Subsection (1) is guilty of a class B
52 misdemeanor.

53 (b) An action for failure to comply with Subsection (1) shall be commenced within
54 four years from the date on which ~~[the auditor employed by the title insurer]~~ a person described
55 in Subsection (1)(c):

- 56 (i) ~~[had]~~ has knowledge ~~[of the]~~ that an act described in Subsection (1)(a) is a
57 fraudulent insurance act; and
58 (ii) willfully ~~[failed]~~ fails to report the fraudulent insurance act.

59 (3) An insurance company, including a title insurer, may report on behalf of a person
60 required to report a fraudulent insurance act under Subsection (1) that is in the employ of the
61 insurance company through a special investigative unit or other appropriate means as
62 determined by the department by rule made in accordance with Title 63, Chapter 46a, Utah
63 Administrative Rulemaking Act.

Legislative Review Note
as of 1-16-07 9:54 AM

Office of Legislative Research and General Counsel

H.B. 126 - Reporting of Fraudulent Insurance Acts

Fiscal Note

2007 General Session
State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Local governments may see an increase in reported fraud cases. Insurance adjusters, as individuals or businesses, will have to report fraud to various criminal investigative agencies.

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Office of the Legislative Fiscal Analyst